



**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**

**B.A. DEGREE EXAMINATION - ECONOMICS**

FIRST SEMESTER – NOVEMBER 2015

**EC 1500 - MICRO ECONOMICS - I**

Date : 04/11/2015

Dept. No.

Max. : 100 Marks

Time : 01:00-04:00

**PART-A**

**Answer any FIVE questions not exceeding 75 words each:**

**(5×4=20 marks)**

1. Distinguish between positive economics and normative economics.
2. Introduce an Indifference map.
3. What is an expansion path?
4. What is meant by pure competition?
5. Distinguish between selling costs and production costs.
6. Explain the concept of Consumer's Surplus.
7. State the relationship between average cost and marginal cost.

**PART-B**

**Answer any FOUR questions in about 300 words each:**

**(4×10=40 marks)**

8. 'The scarcity of resources in relation to human wants is the fundamental economic problem' – Discuss.
9. Write a note on price and substitution effects.
10. Explain CES production function.
11. Explain the short run equilibrium of the firm under perfect competition.
12. What is monopolistic competition? Explain the features of monopolistic competition.
13. Describe the attribute approach to consumer's behavior.
14. Describe the importance of time element in price theory.

**PART-C**

**Answer any TWO questions not exceeding 900 words:**

**(2×20=40 marks)**

15. Describe the various types of elasticity of demand? What are the factors which Determine the price elasticity of demand?
16. Derive demand curve for a normal commodity using Indifference Curve Analysis. Explain why the Indifference curve slopes downward to the right.
17. Draw and explain the diagram of the Long run Average Cost Curve. Give reasons for the 'U shape' of Long Run Average Cost curve.
18. Explain Cournot's model of Duopoly. What should the firms do to maximize their profits?

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